

### Subject Description Form

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| <b>Subject Code</b>                                    | AF1BN01   |
| <b>Subject Title</b>                                   | Economic Logic in Everyday Life   |
| <b>Credit Value</b>                                    | 3   |
| <b>Level</b>   | 1   |
| <b>Normal Duration</b>                                 | 1-semester  |
| <b>Pre-requisite /<br/>Co-requisite/<br/>Exclusion</b> | None  |
| <b>Role and Purposes</b>                               | The aim of this course is to stimulate interest in economics, by contextualizing it in terms of how it influences both consciously and subconsciously, the choices and decisions we all make as part of our daily lives. Towards this objective, the course unravels the apparent complexity of economic outcomes, by making seemingly difficult economic concepts accessible to even those who might have no prior training or background in economics.  |
| <b>Intended Learning Outcomes</b>                      | Upon completion of the subject, students will be able to:<br><br>(a) comprehend a wide range of economic concepts;<br>(b) examine critically real-world economic issues and outcomes;<br>(c) apply economic decision-making skills towards analytical reasoning; and<br>(d) develop an ability towards prudent decision-making in everyday life   |
| <b>Subject Synopsis/<br/>Indicative Syllabus</b>       | <p><b>Topic 1: The Lessons in Economics</b><br/>Cognitive systems and economic thinking; Scarcity, value and opportunity cost; Thinking marginally; Cost-Benefit analysis; Gains from exchange.</p> <p><b>Topic 2: Thinking Strategically</b><br/>Anticipation and strategy; Cooperation and cheating; Threats and bluffs in conflicts; Brinkmanship and commitment.</p> <p><b>Topic 3: Power of Markets</b><br/>Demand and Supply; Price as signal; Market equilibrium; Market efficiency and fairness.</p> <p><b>Topic 4: Market Failure and Public Policy</b><br/>Externalities; Public goods; Regulation: Rent control; Public policy (unintended) consequences.</p> <p><b>Topic 5: Economics of Information – Uncertainty</b><br/>Uncertainty, assets and financial markets; Systematic vs. unsystematic risk; Reward for risk; Portfolios and diversification.</p> <p><b>Topic 6: Economics of Information - Asymmetry</b><br/>Hidden information and action; Market for used cars; Insurance markets; Education as a signal; Managerial pay and performance.</p> |

|  | <p><b>Topic 7: Social Preferences and Norms</b><br/>Altruism; Fairness; Inequity Aversion; Reciprocity.</p> <p><b>Topic 8: Psychology of Choice - Heuristics</b><br/>Dual cognitive systems and behavioral economics; Predictable heuristics and biases in judgement.</p> <p><b>Topic 9: Psychology of Choice - Time Inconsistency</b><br/>Hyperbolic discounting and present bias; Projection bias, Pre-commitment and self-control.</p>   |  |   |   |   |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
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| <b>Teaching/Learning Methodology</b>                                   | Classes will provide an active learning environment, where in addition to explanation and application of concepts, regular individual and group activities are designed to enable students to demonstrate their ability to critically analyse and examine economic issues, through real world case studies, structured problems and contextual experiments.   |  |   |   |   |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| <b>Assessment Methods in Alignment with Intended Learning Outcomes</b> | <table border="1" data-bbox="492 783 1507 1381"> <thead> <tr> <th data-bbox="492 783 816 947" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="816 783 971 947" rowspan="2">% weighting</th> <th colspan="6" data-bbox="971 783 1507 877">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="971 877 1062 947">a</th> <th data-bbox="1062 877 1151 947">b</th> <th data-bbox="1151 877 1240 947">c</th> <th data-bbox="1240 877 1330 947">d</th> <th data-bbox="1330 877 1419 947"></th> <th data-bbox="1419 877 1507 947"></th> </tr> </thead> <tbody> <tr> <td data-bbox="492 947 816 1052">1. Group Discussion &amp; Presentation</td> <td data-bbox="816 947 971 1052">20%</td> <td data-bbox="971 947 1062 1052">√</td> <td data-bbox="1062 947 1151 1052">√</td> <td data-bbox="1151 947 1240 1052">√</td> <td data-bbox="1240 947 1330 1052">√</td> <td data-bbox="1330 947 1419 1052"></td> <td data-bbox="1419 947 1507 1052"></td> </tr> <tr> <td data-bbox="492 1052 816 1115">2. Individual Report</td> <td data-bbox="816 1052 971 1115">10%</td> <td data-bbox="971 1052 1062 1115">√</td> <td data-bbox="1062 1052 1151 1115">√</td> <td data-bbox="1151 1052 1240 1115">√</td> <td data-bbox="1240 1052 1330 1115">√</td> <td data-bbox="1330 1052 1419 1115"></td> <td data-bbox="1419 1052 1507 1115"></td> </tr> <tr> <td data-bbox="492 1115 816 1178">3. Class Participation</td> <td data-bbox="816 1115 971 1178">10%</td> <td data-bbox="971 1115 1062 1178">√</td> <td data-bbox="1062 1115 1151 1178">√</td> <td data-bbox="1151 1115 1240 1178">√</td> <td data-bbox="1240 1115 1330 1178">√</td> <td data-bbox="1330 1115 1419 1178"></td> <td data-bbox="1419 1115 1507 1178"></td> </tr> <tr> <td data-bbox="492 1178 816 1241">4. Quiz</td> <td data-bbox="816 1178 971 1241">10%</td> <td data-bbox="971 1178 1062 1241">√</td> <td data-bbox="1062 1178 1151 1241">√</td> <td data-bbox="1151 1178 1240 1241">√</td> <td data-bbox="1240 1178 1330 1241">√</td> <td data-bbox="1330 1178 1419 1241"></td> <td data-bbox="1419 1178 1507 1241"></td> </tr> <tr> <td data-bbox="492 1241 816 1304">5. Examination</td> <td data-bbox="816 1241 971 1304">50%</td> <td data-bbox="971 1241 1062 1304">√</td> <td data-bbox="1062 1241 1151 1304">√</td> <td data-bbox="1151 1241 1240 1304">√</td> <td data-bbox="1240 1241 1330 1304">√</td> <td data-bbox="1330 1241 1419 1304"></td> <td data-bbox="1419 1241 1507 1304"></td> </tr> <tr> <td data-bbox="492 1304 816 1381">Total</td> <td data-bbox="816 1304 971 1381">100 %</td> <td colspan="6" data-bbox="971 1304 1507 1381"></td> </tr> </tbody> </table> |  |   |   |   |  |          | Specific assessment methods/tasks | % weighting | Intended subject learning outcomes to be assessed (Please tick as appropriate) |  |  |  |  |  | a | b | c | d |  |  | 1. Group Discussion & Presentation | 20% | √ | √ | √ | √ |  |  | 2. Individual Report | 10% | √ | √ | √ | √ |  |  | 3. Class Participation | 10% | √ | √ | √ | √ |  |  | 4. Quiz | 10% | √ | √ | √ | √ |  |  | 5. Examination | 50% | √ | √ | √ | √ |  |  | Total | 100 % |  |  |  |  |  |  |
| Specific assessment methods/tasks                                      | % weighting   | Intended subject learning outcomes to be assessed (Please tick as appropriate) |   |   |   |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
|  |   | a  | b | c | d |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| 1. Group Discussion & Presentation                                     | 20%   | √  | √ | √ | √ |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| 2. Individual Report   | 10%   | √  | √ | √ | √ |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| 3. Class Participation   | 10%   | √  | √ | √ | √ |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| 4. Quiz  | 10%   | √  | √ | √ | √ |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| 5. Examination   | 50%   | √  | √ | √ | √ |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| Total  | 100 %   |  |   |   |   |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| <b>Student Study Effort Expected</b>                                   | Class contact:  |  |   |   |   |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
|  | ▪ Seminar   |  |   |   |   |  | 39 Hrs.  |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
|  | Other student study effort:   |  |   |   |   |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
|  | ▪ Self study and homework preparation   |  |   |   |   |  | 75 Hrs.  |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
|  | Total student study effort  |  |   |   |   |  | 114 Hrs. |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |
| <b>Reading List and References</b>                                     | <p><i>Hidden Order: The Economics of Everyday Life</i> by David D. Friedman. Harper Paperbacks (1997).</p> <p>Harford, Tim (2006). <i>The Undercover Economist</i>. Random House Trade Paperbacks.</p> <p><i>Naked Economics: Undressing the Dismal Science</i> by Charles J. Wheelan. W. W.</p>  |  |   |   |   |  |          |                                   |             |  |  |  |  |  |  |   |   |   |   |  |  |                                    |     |   |   |   |   |  |  |                      |     |   |   |   |   |  |  |                        |     |   |   |   |   |  |  |         |     |   |   |   |   |  |  |                |     |   |   |   |   |  |  |       |       |  |  |  |  |  |  |

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